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KORTH QUILTS POST AS HEAD OF NAVY; NITZE APPOINTED

Secretary's Abrupt Action
Arouses Speculation Over
Rifts With McNamara

CARRIER DISPUTE CITED

Controversy In TFX Case
May Also Be Factor In
Decision to Step Down

By TOM WICKER

Special to The New York Times

WASHINGTON, Oct. 14

Secretary of the Navy Fred Korth's resignation, abruptly tendered, was announced by the White House today.

President Kennedy immediately designated Assistant Secretary of Defense Paul H. Nitze to succeed him.

The Secretary's resignation raised speculation that he had quit to protest an apparent decision by Secretary of Defense Robert S. McNamara not to install atomic propulsion in a projected new aircraft carrier.

In addition, Mr. Korth has been a controversial figure in a Senate investigation of the Defense Department's award of contracts for the TFX fighter plane. Charges of conflict of interest have been raised against him, but these have been dismissed by the Department of Justice.

A highly placed White House source discounted either circumstance as a prime factor in the resignation, despite Mr. Korth's known dissent from Mr. McNamara's decision on the carrier.

The source said that there was general agreement in the Administration that Mr. Korth would "fit better" in private life than in Washington.

Mr. Nitze's appointment to the Navy post means that for the first time in the Kennedy Administration it has passed out of the hands of a Texan and out of the direct influence of Vice President Johnson.

was a Johnson Aide

Mr. Kennedy's first Secretary of the Navy was John B. Connally Jr., now Governor of Texas, and formerly an aide to Mr. Johnson in the latter's campaign for the Democratic Presidential nomination in 1960.

Mr. Korth, a Fort Worth banker regarded as close to Mr. Johnson, succeeded Mr. Connally on Dec. 19, 1961.

Mr. Nitze, who will be the third Secretary of the Navy under Mr. Kennedy, has been serving since the early days of the Administration as Assistant Secretary of Defense for International Security Affairs.

He will be succeeded in that post, the White House announced today, by William P. Bundy, who has served as Mr. Nitze's deputy throughout the Kennedy Administration. Mr. Bundy is the older brother of McGeorge Bundy, the President's special assistant for national security affairs.

William P. Bundy is a Republican. Mr. Nitze has been a Republican in past years but he is now a registered Democrat.

In a brief letter to Mr. Kennedy, dated Oct. 11, Mr. Korth submitted his resignation "so that I may return to private business and attend to my pressing private affairs."

Mr. Korth entered Bethesda Naval Hospital last night for an operation designed to relieve ear trouble.

Mr. Kennedy accepted the resignation in a letter dated Oct. 12. It was cordially worded and thanked Mr. Korth for "all you have done to advance our national defense." However, it did not tender any regrets.

Despite the statement from an informed White House official, Defense Department sources said that they believed that Mr. Korth's resignation was prompted at least in part by Mr. McNamara's decision on the atomic-powered carrier.

Mr. McNamara ruled last week against spending \$120 million to \$180 million above the allotted cost of the new carrier to equip it with an atomic power plant.

Mr. Korth protested the decision, and Mr. McNamara granted him a review of it. Pentagon sources said officially today that no final decision had been made. Mr. Korth, it was reputed, believed that there was little hope the Secretary would reverse his stand.

Persons close to Mr. Korth said that he was greatly disturbed by Mr. McNamara's decision—one that is generally unpopular in the Navy and that he hoped the Navy would reverse.

The resignation came as a surprise to Mr. Korth's office staff. They said, however, that for some time he had been refusing engagements for the winter months, mentioning his ultimate need to return to private life.

Another factor that may have entered into his departure was the controversy over the TFX or tactical fighter experimental case.

A Senate investigation into this affair has dragged on for months, and is scheduled to be resumed next month. Senate sources said that Mr. Korth, who has had several hot exchanges with Senators on the investigating panel, would be recalled for questioning.

Republicans on the panel charged Mr. Korth with possible



RESIGNS: Fred Korth, the Secretary of the Navy

conflict of interest—a charge he heatedly denied—and that led to several sharp exchanges with Senator Karl E. Mundt, Republican of South Dakota.

The charge stemmed primarily from the fact that Mr. Korth was on the board of directors of Continental National Bank of Fort Worth when it entered a creditors' pool that extended \$200,000,000 to General Dynamics.

No Evidence of Pressure

The Continental National share of the credit was less than 1 per cent, however, and the Department of Justice, after looking into the matter, said Mr. Korth was free of any conflict of interest.

A Democratic National committee source said today that the charges against Mr. Korth had not aroused noticeable political controversy in the country. Mr. Korth, he said, was regarded as a liability for the campaign ahead.

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effort had been made to keep Mr. Korth in his post. There appeared to be no evidence, either, that he had been forced out of it.

Mr. Nitze's appointment ended speculation current since last spring that he would succeed Roswell P. Gilpatric when the

latter steps down, as he has said he soon will, as Under Secretary of Defense. That is the second-ranking job in the department.

Mr. Gilpatric will remain in office until the end of the TFX hearings. He is now expected to be succeeded by Secretary of the Navy Cyrus S. Vance.

Mr. Nitze, a controversial figure with Congress in the early days of the Eisenhower Administration, presumably encountered new difficulties on Capitol Hill when it became known that he was favored to succeed Mr. Gilpatric.

Mr. Nitze's selection as Secretary of the Navy will take him into a new field, after a long and varied career in Government. It is the first time he has had direct connection with any of the armed service. His present Defense Department post is concerned with international affairs and with the political side of military and defense policies.

William P. Bundy, who replaces Mr. Nitze, is 46 years old, a Yale University graduate with a degree from Harvard Law School. For a number of years a Washington lawyer, he served from 1951 to 1960 on the board of national estimates of the Central Intelligence Agency.

In 1960, Mr. Bundy served as staff director of President Eisenhower's Commission on National Goals. In 1961 he was appointed as deputy to Mr. Nitze.

Mr. Bundy is married to the

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